



THE STATE OF FLORIDA

OFFICE OF INSURANCE REGULATION MARKET INVESTIGATIONS

MARKET CONDUCT FINAL EXAMINATION REPORT

OF

S-H OPCO WATERSIDE RETIREMENT ESTATES, LLC

d/b/a

WATERSIDE RETIREMENT ESTATES

AS OF

December 31, 2012

FLORIDA COMPANY CODE 88028

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PURPOSE AND SCOPE OF EXAMINATION

The Office of Insurance Regulation (Office), Market Investigations unit, conducted a periodic market conduct examination of S-H OPCO Waterside Retirement Estates, LLC d/b/a Waterside Retirement Estates (f/k/a Integrated Living Communities of Sarasota, L.L.C. d/b/a Waterside Retirement Estates (hereinafter “Waterside Retirement Estates”) pursuant to Section 651.105, Florida Statutes. The scope period of this examination was January 1, 2010 through December 31, 2012. The onsite and desk examination procedures were completed on October 7, 2013.

The objective of the examination was to determine the extent of compliance with the provisions of Chapter 651, Florida Statutes and Chapter 690-193, Florida Administrative Code Rules. This market conduct examination did not encompass a financial compliance examination.

This final report is based upon information from the examiner’s draft report, additional research conducted by the Office, and additional information provided by Waterside Retirement Estates. This report is a report by exception, and the information within has been limited to identification of exceptions, errors or unusual problems noted during the examination.

COMPANY OPERATIONS

Waterside Retirement Estates, a Delaware Limited Liability Company, was granted a certificate of authority by the Office to offer continuing care contracts on November 4, 1980. Waterside Retirement Estates is located in Sarasota, Florida. In 2001, Waterside Retirement Estates discontinued marketing continuing care contracts and began the continuing care contract run-off process in order to surrender its Certificate of Authority. Waterside Retirement Estates currently has eight continuing care contracts remaining in-force.

CANCELLATIONS AND REFUNDS

Waterside Retirement Estates provided documentation for each of the three continuing care contracts canceled during the scope period. Each contract cancellation was examined to verify the amount of the refund due, if any, and whether refunds were properly issued.

Findings:

In one instance Waterside Retirement Estates failed to timely issue a refund within 120 days after receipt of a resident’s notice of cancellation, in violation of Section 651.055(1)(g)(2), Florida Statutes. Specifically, a resident tendered the written notice of cancellation on June 10, 2010 and the refund was issued 132 days later on October 20, 2010.

Recommendation: The Office recommends Waterside Retirement Estates establish adequate procedure and controls to ensure applicable refunds are issued in accordance to Section 651.055(1)(g)(2), Florida Statutes.

QUARTERLY MEETINGS WITH RESIDENTS

The quarterly meeting agendas, notices to residents, minutes, and the dates of the meetings contained in the annual reports filed for the scope period were reviewed for compliance with Section 651.085, Florida Statutes.

Findings:

Section 651.085(1), Florida Statutes, states in pertinent part that the governing body of the provider or the designated representative of the provider shall hold quarterly meetings with residents and that residents are entitled to at least seven days advance notice of each quarterly meeting.

1. **Waterside Retirement Estates failed to hold one quarterly meeting with residents for the fourth quarter of calendar year 2010 in violation of Section 651.085(1), Florida Statutes.**
 - 1a. **Recommendation:** The Office recommends Waterside Retirement Estates establish adequate procedures to ensure the statutory quarterly meetings with residents are properly held as required by Section 651.085(1), Florida Statutes.
2. **In 12 instances Waterside Retirement Estates failed to document that residents were provided at least seven days advance notice of each quarterly meeting for the years 2010, 2011 and 2012.**
 - 2a. **Recommendation:** The Office recommends Waterside Retirement Estates establish adequate procedures to ensure residents are provided at least seven days advance notice of quarterly meetings and documentation is maintained to substantiate compliance.

EXAMINATION FINAL REPORT SUBMISSION

The Office hereby issues this Final Report based upon information from the examiner's draft report, additional research conducted by the Office, and additional information provided by Waterside Retirement Estates.